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UNCLAS ABUJA 000631

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SUBJECT: NIGERIA: REQUEST FOR AUTHORITY TO SIGN BILATERAL DEBT AGREEMENT

REF: DKRZYWDA/DEPSTEIN EMAILS 03/09/03

1. Head of the GON Debt Management Office Legal Division J.O. Jiya wrote Econcouns on March 6, stating the GON is ready to sign the bilateral debt rescheduling agreement. Post forwarded a copy of the latest agreement, prepared in 2001, to Treasury and State on March 9 (reftel). Because of the significant time lapse since the agreement was first negotiated, we understand revisions will be required to ready the agreement for signature.

2. Jiya told Econoff on April 2 that the agreement had been delayed within the GON due to a cumbersome approval process that culminated in a Federal Executive Council (FEC) decision in February to move forward. Jiya added the FEC had recently approved a \$5.8 billion agreement with the United Kingdom--that agreement was signed March 9. She said the GON was eager to conclude agreements with all Paris Club creditors now. Elections are just around the corner, and there is no guarantee that a new FEC under a new government would move quickly, Jiya told Econoff.

3. Comment. Attempts to extract better terms from creditors--especially the United Kingdom--contributed to the delay as much, if not more than, the approval process. Now, with elections around the corner, the Obasanjo Administration is probably anxious to demonstrate to the public that it is in serious dialogue with its creditors. In other words, now is perhaps the best time to respond to the GON's readiness if we still want the agreement.

4. Post understands that due to health concerns, Adamu Ciroma--who would likely sign the agreement on behalf of the GON--will not stay on as Finance Minister even if Obasanjo is re-elected. Whoever wins the election, the new Finance Minister and other FEC members may seek to review the agreement before signing. Post recommends that we take advantage of this window of opportunity and sign an updated agreement, as soon as possible, perhaps even on the sidelines of upcoming IMF/WB meetings in Washington. Post is working to determine whether Central Bank Governor Sanusi, who will lead the GON delegation, could sign the agreement. Regardless of who signs it, the DMO requests the opportunity to review the technical revisions now being made by Washington agencies.
End Comment.
JETER